

**REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA**

**FINANCIAL AUDIT REPORT
STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
YEAR ENDED JUNE 30, 1979**

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

873

FINANCIAL AUDIT REPORT
STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
YEAR ENDED JUNE 30, 1979

NOVEMBER 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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JOHN NEJEDLY
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ASSEMBLYMEN
S. FLOYD MORI
DANIEL BOATWRIGHT
LEROY GREENE
BRUCE NESTANDE

□ STATE CAPITOL
SACRAMENTO 95814
(916) 445-7380

□ 925 L STREET
SUITE 750
SACRAMENTO 95814
(916) 445-0255

S. FLOYD MORI
CHAIRMAN

November 21, 1980

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The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits
Ernst & Whinney's financial audit report of the Department of
Transportation, year ended June 30, 1979. The work was
performed under contract with the Auditor General's Office.

The auditor is Richard I. LaRock, CPA, Audit Manager.

Respectfully submitted,

S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

Audited Financial Statements and
Other Financial Information

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

Audited General Purpose Combined Financial Statements

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Ernst & Whinney

555 Capitol Mall, Suite 650
Sacramento, California 95814

916/447-3237

Auditor General
State of California

We have examined the general purpose combined financial statements of the various funds and account groups of the State of California Department of Transportation for the year ended June 30, 1979, listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain toll bridge revenue funds, which statements reflect total assets and revenues approximating 5 percent, respectively, of the related combined totals for Special Revenue Funds. These statements were examined by other auditors whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for certain toll bridge revenue funds within the Special Revenue Funds, is based solely on the report of the other auditors.

The Department maintains its accounting records and prepares its financial statements on the basis of accounting prescribed for budgeting purposes. As more fully described in Note E to the financial statements, certain adjustments were made to present the financial statements for the year ended June 30, 1979 in conformity with generally accepted accounting principles.

As more fully described in Notes C and D to the combined financial statements, it was not practical to either determine what adjustments would be necessary to segregate accounts payable from the reserve for encumbrances or to determine the portion of receivables from the Federal Highway Administration that may ultimately be collected.

Auditor General

In our opinion, based upon our examination and the reports of other auditors, and except for the effects, if any, of the matters discussed in the preceding paragraph, the aforementioned financial statements present fairly the financial position of the various funds and account groups of the State of California Department of Transportation at June 30, 1979 and the combined statement of revenues, expenditures and encumbrances, and changes in fund equity for the year then ended, in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying financial information listed as other financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements of the State of California Department of Transportation. The information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Ernst & Whinney

Sacramento, California
August 26, 1980

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

ASSETS

	Governmental			Account Groups			Total (Memorandum Only)
	Special Revenue	Fund Types Capital Projects		General Fixed Assets	Long-Term Debt		
Cash--Note G	\$ 7,973,221	\$ 16,403				\$ 7,989,624	
Certificates of Deposit--Note G	2,947,802					2,947,802	
Deposit in Surplus Money Investment Fund--Note G	605,329,923	60,424,348				665,754,271	
Accrued interest	27,664,560	2,843,655				30,508,215	
Investment in U.S. Government Securities--Note G	21,693,586	7,401,084				29,094,670	
Receivables from sales of excess real property, abatements, and other (less allowance for doubtful accounts--\$3,700,000)	43,087,122					43,087,122	
Securities held as guarantee deposit--Note G	3,440,000					3,440,000	
Due from other funds	4,599,413					4,599,413	
Due from Federal Government	93,260,600					93,260,600	
Due from State and local agencies and other governments	29,556,348					29,556,348	
Inventories:							
Federal advance acquisition properties	22,437,552					22,437,552	
Excess real property	48,783,680					48,783,680	
Supplies and other	27,816,051					27,816,051	
Condemnation deposits	10,550,305	7,312				10,557,617	
Loans to other governmental agencies	11,906,192					11,906,192	
Prepaid expenses	373,584					373,584	
Land				\$ 13,203,314		13,203,314	
Improvements				136,112,428		136,112,428	
Equipment				137,948,169		137,948,169	
Construction in progress				8,828,592		8,828,592	
Amount to be provided for retirement of long-term debt					\$156,917,862		156,917,862
	\$961,419,939	\$70,692,802		\$296,092,503	\$156,917,862		\$1,485,123,106

	Governmental			Account		Total (Memorandum Only)
	Fund Types			Groups		
	Special Revenue	Capital Projects	General Fixed Assets	General Long-Term Debt		
LIABILITIES, RESERVES, AND FUND EQUITY						
LIABILITIES:						
Accounts payable and other liabilities--						
Notes C and G	\$109,963,195	\$ 285,198				\$ 110,248,393
Accumulated vacation	36,958,398					36,958,398
Accrued liability for contingencies	9,500,000					9,500,000
Deferred revenue	35,241,607					35,241,607
Retentions on contracts, less amounts held (\$7,301,640) by escrow agent	11,625,921					11,625,921
Reimbursements collected in advance	5,816,294					5,816,294
Unapplied advances	16,699,936					16,699,936
Accrued interest on bonds payable	1,651,916					1,651,916
Due to Federal Highway Administration	21,374,274					21,374,274
Due to other funds	1,002,211	2,240,244				3,242,455
Bonds payable--Note F				\$132,333,000		132,333,000
Loans payable--Note F				24,584,862		24,584,862
	<u>249,833,752</u>	<u>2,525,442</u>		<u>156,917,862</u>		<u>409,277,056</u>
TOTAL LIABILITIES						
RESERVES:						
Encumbrances--Note C	148,479,694	46,108,652				194,588,346
Inventories	99,037,283					99,037,283
Loans receivable	11,700,000					11,700,000
Other	12,050,939					12,050,939
	<u>271,267,916</u>	<u>46,108,652</u>				<u>317,376,568</u>
TOTAL RESERVES						
FUND EQUITY--NOTE E:						
Investment in general fixed assets			\$296,092,503			296,092,503
Designated for future programs and construction	362,761,626	22,058,708				384,820,334
Undesignated	77,556,645					77,556,645
	<u>440,318,271</u>	<u>22,058,708</u>	<u>296,092,503</u>			<u>758,469,482</u>
TOTAL FUND EQUITY						
COMMITMENTS AND CONTINGENCIES--NOTE I						
	<u>\$961,419,939</u>	<u>\$70,692,802</u>	<u>\$296,092,503</u>	<u>\$156,917,862</u>		<u>\$1,485,123,106</u>

See notes to combined financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND CHANGES IN
FUND EQUITY - ALL GOVERNMENTAL FUND TYPES

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

Year ended June 30, 1979

	Governmental Fund Types		Total (Memorandum Only)
	Special Revenue Funds	Capital Projects	
REVENUES:			
Apportionments:			
State	\$ 508,937,340		\$ 508,937,340
Federal	411,697,220		411,697,220
Reimbursements	70,081,252		70,081,252
Investment income	48,255,774	\$ 6,183,034	54,438,808
Real property	33,414,658		33,414,658
Toll revenue	59,521,123		59,521,123
Other	9,036,568	13,644	9,050,212
	<u>1,140,943,935</u>	<u>6,196,678</u>	<u>1,147,140,613</u>
EXPENDITURES AND ENCUMBRANCES:			
State operations	372,198,426		372,198,426
Capital outlay	553,692,652	35,744,481	589,437,133
Local assistance	142,757,676		142,757,676
Debt service	21,796,278		21,796,278
	<u>1,090,445,032</u>	<u>35,744,481</u>	<u>1,126,189,513</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	50,498,903	(29,547,803)	20,951,100
OTHER FINANCING SOURCES (USES):			
Operating transfers in	10,978,651	18,475,000	29,453,651
Operating transfers out	(40,045,724)		(40,045,724)
	<u>(29,067,073)</u>	<u>18,475,000</u>	<u>(10,592,073)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES, ENCUMBRANCES AND OTHER USES--NOTE E	21,431,830	(11,072,803)	10,359,027
Fund equity at beginning of year	<u>418,886,441</u>	<u>33,131,511</u>	<u>452,017,952</u>
FUND EQUITY AT END OF YEAR--NOTE E	<u>\$ 440,318,271</u>	<u>\$22,058,708</u>	<u>\$ 462,376,979</u>

See notes to combined financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND CHANGES IN
FUND EQUITY - LEGALLY ADOPTED BUDGET AND BUDGETARY ACTUAL - ALL GOVERNMENTAL
FUND TYPES

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

Year ended June 30, 1979

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Apportionments:			
State	\$ 495,287,000	\$ 504,620,772	\$ 9,333,772
Federal	499,938,236	550,652,895	50,714,659
Reimbursements	57,040,679	60,078,989	3,038,310
Investment income	38,500,000	52,974,951	14,474,951
Real property	32,620,000	31,912,274	(707,726)
Toll revenue	58,177,000	66,183,664	8,006,664
Other	7,596,000	9,589,366	1,993,366
	<u>1,189,158,915</u>	<u>1,276,012,911</u>	<u>86,853,996</u>
EXPENDITURES AND ENCUMBRANCES:			
State operations	387,613,168	338,422,350	49,190,818
Capital outlay	788,098,944	701,932,896	86,166,048
Local assistance	268,768,250	206,271,467	62,496,783
	<u>1,444,480,362</u>	<u>1,246,626,713</u>	<u>197,853,649</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(255,321,447)	29,386,198	284,707,645
OTHER FINANCING SOURCES (USES):			
Operating transfers in	5,225,390	7,053,106	1,827,716
Operating transfers out	(27,212,205)	(33,513,352)	(6,301,147)
Prior year adjustments	-0-	46,666,447	46,666,447
	<u>(21,986,815)</u>	<u>20,206,201</u>	<u>42,193,016</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES, ENCUMBRANCES AND OTHER USES--NOTE E	(277,308,262)	49,592,399	326,900,661
Fund equity at beginning of year	<u>756,262,427</u>	<u>756,262,427</u>	<u>-0-</u>
FUND EQUITY AT END OF YEAR--NOTE E	<u>\$ 478,954,165</u>	<u>\$ 805,854,826</u>	<u>\$326,900,661</u>

See notes to combined financial statements

NOTES TO COMBINED FINANCIAL STATEMENTS

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE A--FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUND TYPES AND ACCOUNT GROUPS

Financial Statements

The accompanying financial statements reflect the financial position, results of operations and changes in fund equity of the State of California Department of Transportation. Except for the segregation of accounts payable from encumbrances, which is more fully described in Note C, the statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by both the American Institute of Certified Public Accountants and the National Council on Governmental Accounting.

The financial statements are structured into Governmental Fund Types and Account Groups. The Department of Transportation accounts for only its portion of the fund type categories. The State Controller maintains the central accounts for all state funds and publishes financial statements for the State of California annually.

Governmental Fund Types

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the Department's expendable financial resources and the related liabilities are accounted for through governmental funds. Because the constitutional and statutory provisions require separate identification of the various revenues for accounting and reporting purposes, each separate special account is considered as if it were a separate fund.

Special Revenue Funds: The Special Revenue Funds of the Department are used to account for specific revenues and operating expenditures which are restricted for particular purposes. The Special Revenue Funds include the following funds:

State Transportation Fund - This fund was established to accelerate the transfer of transportation revenue through the State's accounting system. The fund is currently comprised of the following accounts:

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE A--FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUND TYPES AND ACCOUNT GROUPS (Continued)

Abandoned Railroad Account - Resources in this account have been transferred from the Transportation Planning and Development Account under appropriation by the State Legislature. Abandoned railroad rights-of-way are purchased for later conveyance to local governmental entities.

Aeronautics Account - Resources in this account represent a portion of the aviation fuel tax. Transfers and expenditures are to support the Aeronautics Program, including aid to local governmental aviation entities.

Bicycle Lane Account - Specific transfers of \$30,000 per month are made into this account from highway users fuel taxes. Disbursements are made to cities and counties for bicycle facilities and related departmental administrative costs.

State Highway Account - Resources in this account represent transfers from other state funds, federal funds and other miscellaneous revenue. Expenditures for the highway programs include: maintenance, operations, construction, planning, administration, and subventions to local governmental entities.

Transportation Planning and Development Account - Resources in this account represent transfers from the Aeronautics Account, State Highway Account, federal funds and transfers from other state funds. Expenditures are primarily for mass transportation and transportation planning programs at the state and local levels for support of the California Transportation Commission.

Transportation Revolving Account - Resources in this account represent advances from the various operating accounts to fund warrants paid by the State Controller.

California Environmental Protection Program Fund - This fund was created as a depository for revenues collected from the sale of personalized license plates by the Department of Motor Vehicles. Expenditures are for environmental protection programs for state and local government entities.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE A--FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUND TYPES AND ACCOUNT GROUPS (Continued)

Natural Disaster Assistance Fund - The fund is used to record transactions made under legislation which provides funds for disaster assistance allocations to local agencies and local street and road restoration.

Toll Bridge Funds - These funds consist of nine separate funds. Resources are primarily from toll revenues. Expenditures are primarily for operations and maintenance and debt service.

Capital Projects Funds: Capital Projects Funds of the Department are used to account for the acquisition, construction and improvement of toll bridge facilities.

Account Groups

General Fixed Assets Account Group: Fixed assets used by the Department in its general governmental activities are reflected in the General Fixed Assets Account Group at cost. Completed infrastructure assets such as highways, roads and bridges are excluded from the financial statements.

General Long-Term Debt Account Group: Unmatured long-term obligations are reflected in the General Long-Term Debt Account Group.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

The Department's accounting records are maintained on a statutory basis throughout the year; generally on a cash basis with recognition given to budgeted revenue and encumbrances. Annually, for financial statement purposes, the accounting records are adjusted to reflect the modified accrual basis for the Governmental Fund Types. Since the statutory basis differs from generally accepted accounting principles, actual amounts in the accompanying budgetary comparison statement are presented on the budgetary basis. A reconciliation of the differences between the budgetary basis and the generally accepted accounting principles basis is presented in Note E.

Deposits in the Surplus Money Investment Fund are stated at cost.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE B--SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories of excess real property are carried at the lower of cost or the allocated value at time of acquisition.

Inventories of supplies and materials are carried at moving average cost.

General fixed assets such as buildings and equipment are recorded as expenditures in the governmental type funds at the time of acquisition. These assets are capitalized at cost in the General Fixed Asset Account Group.

Federal funds are reported as revenue when earned.

Encumbrances are recorded for the unexpended portion of all open contracts except major construction contracts and local assistance projects.

Transfers of revenue from funds authorized to receive them to funds authorized to expend them have been recorded as operating transfers in the financial statements.

Vacation pay is charged to operations at the time the benefits are earned. Sick leave is charged to operations at the time benefits are used rather than when earned.

Losses arising from judgements and claims are recorded as expenditures in the period determination of the probable loss is made. Such losses arise principally from litigation and other asserted claims as well as unasserted claims made against the Department.

NOTE C--SEGREGATION OF ACCOUNTS PAYABLE AND ENCUMBRANCES

The Department's policy, under generally accepted accounting principles, is to record as expenditures all open contracts, except major construction contracts and local assistance projects. The Department recorded as encumbrances the unexpended portion of contract amounts. Included within these encumbrances are amounts that should be classified as accounts payable. It was not practical for the Department to segregate the accounts payable portion of the expenditures from the reserve for encumbrances.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE D--COLLECTIBILITY OF AMOUNTS DUE FROM FEDERAL GOVERNMENT

The ultimate collectibility of approximately \$20,000,000 from the Federal Highway Administration could not be determined because of limited federal funds. Departmental management will decide whether to use any new federal funds to seek reimbursement of accrued eligible costs on projects in excess of existing reimbursement agreements or not yet under agreement.

NOTE E--RECONCILIATION TO STATUTORY REPORTING

The financial statements have been prepared in conformity with generally accepted accounting principles which vary in some respects from the accounting practices prescribed or permitted by the State of California.

A summary of significant differences in the governmental fund types fund equity as reported under budgetary provisions and that recorded under generally accepted accounting principles follows:

Fund equity on a statutory basis	\$805,854,826
Federal funds not yet earned in accordance with generally accepted accounting principles	(991,070,498)
Construction and local assistance projects that, in accordance with generally accepted accounting principles, have not yet been encumbered	671,830,773
Establish liability for advances from the Federal Advance Acquisition Fund	(22,430,063)
Establish liability for contingencies in accordance with generally accepted accounting principles	(9,500,000)
Establish allowance for doubtful accounts in accordance with generally accepted accounting principles	(3,700,000)
Other items	<u>11,391,941</u>
Fund equity as reported herein for all governmental fund types	<u>\$462,376,979</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE E--RECONCILIATION TO STATUTORY REPORTING (Continued)

A summary of significant differences in the excess of revenues and other sources over expenditures, encumbrances and other uses of financial resources as recorded under statutory provisions and that recorded under generally accepted accounting principles follows:

Excess of revenue and other sources over expenditures, encumbrances and other uses as reported for statutory purposes to expenditures	\$ 49,592,399
Federal funds not yet earned in accordance with generally accepted accounting principles	(159,889,588)
Construction and local assistance projects that, in accordance with generally accepted accounting principles, have not yet been encumbered	144,601,091
Toll bridge revenues recorded in the current year that, in accordance with generally accepted accounting principles, were recognized in the prior year	(25,570,592)
Other items	<u>1,625,717</u>
Excess of revenue and other sources over expenditures, encumbrances and other uses as reported herein for all governmental fund types	<u><u>\$ 10,359,027</u></u>

NOTE F--REVENUE BONDS AND LOANS PAYABLE

Pursuant to resolutions of the California Toll Bridge Authority (CTBA), issuance of \$214,600,000 in revenue bonds has been authorized for construction of various toll bridges throughout the State. The bonds are secured by all revenues derived directly or indirectly from the use and operation of the toll bridges. The CTBA was abolished in 1978 and the legal responsibilities transferred to the California Transportation Commission. Bonds outstanding as of June 30, 1979 consisted of the following:

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE F--REVENUE BONDS AND LOANS PAYABLE (Continued)

San Francisco Bay Toll Bridges Revenue	
Bonds, Series A; due in principal	
amounts of \$5,000,000 annually through	
February, 1986; interest rates from	
4.90% to 5.25%	\$ 20,000,000
Carquinez Strait Bridges Refunding	
Toll Bridge Revenue Bonds, Series A;	
\$2,620,000 due December, 1979 with	
remaining principal due December, 1992;	
interest rates from 3.25% to 3.265%	9,765,000
Antioch and Carquinez Strait Bridges 1976	
Revenue Bonds; principal due in increasing	
annual installments from \$780,000 to	
\$1,430,000 through 1990, then \$21,450,000	
and \$17,550,000 due in 2000 and 2005	
respectively; interest rates from	
6.50% to 8%	49,800,000
Richmond-San Rafael Bridge - Toll Revenue	
Bonds, Series A; principal due and	
payable September, 1992; interest at	
3.875%	21,578,000
San Diego - Coronado Toll Bridge Revenue	
Bonds, Series A; principal due and	
payable July, 2003; interest at 5.25%	<u>31,190,000</u>
	<u>\$132,333,000</u>

All revenues bonds, except for the San Francisco Bay Toll Bridges and the December, 1979 payment for the Carquinez Strait Bridges are subject to redemption prior to their fixed maturity dates. All Carquinez Strait Bridges bonds remaining outstanding after December 1, 1979 will be called for redemption at a premium in accordance with the provisions of the Antioch and Carquinez Strait Bridges 1976 Revenue Bond Resolution.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE F--REVENUE BONDS AND LOANS PAYABLE (Continued)

The Department has the following loans payable as of June 30, 1979:

Richmond-San Rafael Bridge loan payable to the State General Fund; interest at 3.875%; payable from proceeds of any future bond sales of authorized but unissued bonds or refunding bonds as authorized in the bond resolution. In the event that additional bonds are not issued, principal and interest are to be paid out of tolls and other revenues of the bridge after all bonds then outstanding have been retired. The balance at June 30, 1979 of the loan payable is \$4,689,813 plus accrued interest of \$6,395,049	\$11,084,862
Vincent Thomas Bridge loan payable to the State Highway Account and others, no interest, payable from net toll revenue of the bridge after retirement of all outstanding bonds secured by the toll revenue of the bridge	<u>13,500,000</u>
	<u>\$24,584,862</u>

NOTE G--ASSETS HELD BY FISCAL AGENTS

Assets held by fiscal agents as trustees for bond holders consist of the following at June 30, 1979:

	Special Revenue Funds	Capital Projects Funds
Cash	\$ 894,585	
Certificates of deposit	2,947,802	
Deposit in Surplus Money Investment Fund		\$ 954,000
Investment in U.S. Government Securities	<u>21,693,586</u>	<u>7,401,084</u>
	<u>\$25,535,973</u>	<u>\$8,355,084</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

NOTE G--ASSETS HELD BY FISCAL AGENTS (Continued)

The amounts held by the fiscal agents are equal to or in excess of amounts required by the bond resolutions.

The Department collects deposits from contractors who are performing significant contracts for the Department. These deposits will be returned to the contractors upon successful completion of the contracts. At June 30, 1979, the Department had cash of \$1,484,962 and securities of \$3,440,000 held in trust. The corresponding liability is reflected in accounts payable and other liabilities.

NOTE H--RETIREMENT PLAN

Substantially all Department employees are members of the State of California Public Employees Retirement System (PERS), which is a defined benefit, contributory retirement plan. The amount the Department and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. The Department's share of retirement contributions for the year was approximately \$41,000,000. Information is not available as to the excess, if any, of the actuarially computed value of vested benefits over the total assets of the retirement fund.

NOTE I--COMMITMENTS AND CONTINGENCIES

At June 30, 1979, the Department had commitments of approximately \$710,000,000 for construction of highways, transit facilities, and local assistance that were recorded as encumbrances for statutory purposes. Approximately 64% of the future expenditures related to these commitments are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred and reimbursement claims filed.

The Department is party to numerous legal proceedings, many of which normally occur in governmental operations. In the opinion of the Department's legal counsel, none of the proceedings are likely to have a significant adverse impact on the Department's financial position.

The Department receives significant financial assistance from the Federal Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of applicable Federal regulations, including the expenditure of the resources for eligible cost reimbursement purposes. Substantially all assistance is subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits becomes a liability of the Department. As of June 30, 1979, the Department estimates that no significant liabilities will result from such audits.

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

ASSETS

	State Transportation Fund	California Environmental Protection Program Fund	Natural Disaster Assistance Fund	Toll Bridge Funds	Combining Entries	Total
Cash	\$ 4,232,742			\$ 3,740,479		\$ 7,973,221
Certificates of deposit				2,947,802		2,947,802
Deposit in Surplus Money Investment Fund	597,082,100			8,247,823		605,329,923
Accrued interest	26,932,144			732,416		27,664,560
Investment in U.S. Government Securities				21,693,586		21,693,586
Receivables from sales of excess real property, abatements, and other (less allowance for doubtful accounts-\$3,700,000)	39,932,695		\$ 82,622	3,071,805		43,087,122
Securities held as guarantee deposit	3,440,000					3,440,000
Due from other funds	35,003,258		1,473,517		\$(31,877,362)	4,599,413
Due from Federal Government	92,048,806		1,211,794			93,260,600
Due from State and local agencies and other governments	29,556,348					29,556,348
Inventories:						
Federal advance acquisition properties	22,437,552					22,437,552
Excess real property	48,783,680					48,783,680
Supplies and other	27,816,051					27,816,051
Condemnation deposits	10,550,305					10,550,305
Loans to other governmental agencies	11,906,192			373,584		11,906,192
Prepaid expenses						373,584
	\$949,721,873	\$ -0-	\$2,767,933	\$40,807,495	\$(31,877,362)	\$961,419,939

LIABILITIES, RESERVES, AND FUND EQUITY

LIABILITIES:

Accounts payable and other liabilities	\$107,680,256					\$109,963,195
Accumulated vacation	36,958,398					36,958,398
Accrued liability for contingencies	9,500,000					9,500,000
Deferred revenue	34,855,469					35,241,607
Retentions on contracts	11,625,921					11,625,921
Reimbursements collected in advance	5,816,294					5,816,294
Unapplied advances	16,699,936					16,699,936
Accrued interest on bonds payable					1,651,916	1,651,916
Due to Federal Highway Administration	21,374,274				1,120,933	21,374,274
Due to other funds	31,758,640				1,002,211	1,002,211
	276,269,188		171,759	\$ 171,759	5,270,167	249,833,752
TOTAL LIABILITIES					\$(31,877,362)	

RESERVES:

Encumbrances	147,384,154					148,479,694
Inventories	99,037,283					99,037,283
Loans receivable	11,700,000					11,700,000
Other	10,550,305					12,050,939
	268,671,742					271,267,916
TOTAL RESERVES						

FUND EQUITY:

Designated for future programs	362,761,626					362,761,626
Undesignated	42,019,317					77,556,645
	404,780,943					440,318,271
TOTAL FUND EQUITY						
	\$949,721,873	\$ -0-	\$2,767,933	\$40,807,495	\$(31,877,362)	\$961,419,939

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND CHANGES IN
FUND EQUITY - ALL SPECIAL REVENUE FUNDS

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

Year ended June 30, 1979

REVENUES:	State Transportation Fund	California Environmental Protection Program Fund	Natural Disaster Assistance Fund	Toll Bridge Funds	Combining Entries	Total
Apportionments:						
State	\$ 508,937,340					\$ 508,937,340
Federal	411,397,089		\$300,131			411,697,220
Reimbursements	70,081,252					70,081,252
Investment income	45,812,944			\$ 2,442,830		48,255,774
Real property	33,414,658			59,521,123		33,414,658
Toll revenue				1,747,125		59,521,123
Other	7,289,443			63,711,078		9,036,568
	<u>1,076,932,726</u>		<u>300,131</u>			<u>1,140,943,935</u>
EXPENDITURES AND ENCUMBRANCES:						
State operations	355,887,407	\$87,165		16,223,854		372,198,426
Capital outlay	553,514,005			178,647		553,692,652
Local assistance	142,553,983		203,693			142,757,676
Debt service				21,796,278		21,796,278
	<u>1,051,955,395</u>	<u>87,165</u>	<u>203,693</u>	<u>38,198,779</u>		<u>1,090,445,032</u>
EXCESS OF REVENUES OVER (UNDER)	24,977,331	(87,165)	96,438	25,512,299		50,498,903
EXPENDITURES AND ENCUMBRANCES						
OTHER FINANCING SOURCES (USES):						
Operating transfers in	1,061,132,704	87,165	549,451	769,924	\$(1,051,560,593)	10,978,651
Operating transfers out	<u>(1,062,863,886)</u>	<u>87,165</u>	<u>(645,889)</u>	<u>(28,096,542)</u>	<u>1,051,560,593</u>	<u>(40,045,724)</u>
						<u>(29,067,073)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPEND- ITURES, ENCUMBRANCES AND OTHER USES	23,246,149	-0-	-0-	(1,814,319)	-0-	21,431,830
Fund equity at beginning of year	381,534,794	-0-	-0-	37,351,647	-0-	418,886,441
	<u>\$ 404,780,943</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$35,537,328</u>	<u>\$ -0-</u>	<u>\$ 440,318,271</u>

COMBINING BALANCE SHEET - STATE TRANSPORTATION FUND

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

June 30, 1979

ASSETS

	Abandoned Railroad Account	Aeronautics Account	Bicycle Lane Account	State Highway Account	Transportation Planning and Development Account	Transportation Revolving Account	Total
Cash	\$ 757	\$ 32,703	\$ 1,199	\$ 2,500,240	\$ 1,688,774	\$ 9,069	\$ 4,232,742
Deposit in Surplus Money							
Investment Fund	6,928,600	8,217,000	1,448,500	494,366,000	30,556,000	55,566,000	597,082,100
Accrued interest	319,579	410,369	66,805	24,643,858	1,491,533		26,932,144
Receivables from sales of excess real property, abatements, and other (less allowance for doubtful accounts-\$3,700,000)							
Securities held as guarantee deposit		72,762	3,367	39,783,358		73,208	39,932,695
Due from other funds				3,440,000			3,440,000
Due from Federal Government				91,565,065	2,443,947	32,559,311	35,003,258
Due from State and local agencies and other governments				29,556,348	483,741		92,048,806
Inventories:							
Federal advance acquisition properties				22,437,552			22,437,552
Excess real property				48,783,680			48,783,680
Supplies and other				27,816,051			27,816,051
Condemnation deposits	245,600			10,304,705			10,550,305
Loans to other governmental agencies				11,906,192			11,906,192
Prepaid expenses							
	<u>\$7,494,536</u>	<u>\$8,732,834</u>	<u>\$1,519,871</u>	<u>\$807,103,049</u>	<u>\$36,663,995</u>	<u>\$88,207,588</u>	<u>\$949,721,873</u>

	Abandoned Railroad Account	Aeronautics Account	Bicycle Lane Account	State Highway Account	Transportation Planning and Development Account	Transportation Revolving Account	Total
LIABILITIES, RESERVES, AND FUND EQUITY							
LIABILITIES:							
Accounts payable and other liabilities			\$ 84,009	\$ 55,980,165	\$ 366,892	\$51,249,190	\$107,680,256
Accumulated vacation						36,958,398	36,958,398
Accrued liability for contingencies				9,500,000			9,500,000
Deferred revenue				34,855,469			34,855,469
Retentions on contracts				11,625,921			11,625,921
Reimbursements collected in advance				5,816,294			5,816,294
Unapplied advances Due to Federal Highway Administration				16,699,936			16,699,936
Due to other funds	\$ 69,522	\$ 157,419		21,374,274	6,598,249		21,374,274
TOTAL LIABILITIES	69,522	157,419	84,009	180,785,509	6,965,141	88,207,588	31,758,640
							276,269,188
RESERVES:							
Encumbrances		3,680,094	1,190,134	142,513,926			147,384,154
Inventories				99,037,283			99,037,283
Loans receivable				11,700,000			11,700,000
Other	245,600			10,304,705			10,550,305
TOTAL RESERVES	245,600	3,680,094	1,190,134	263,555,914			268,671,742
FUND EQUITY:							
Designated for future programs							362,761,626
Undesignated	7,179,414	4,895,321	245,728	362,761,626	29,698,854		42,019,317
TOTAL FUND EQUITY	7,179,414	4,895,321	245,728	362,761,626	29,698,854		404,780,943
	\$7,494,536	\$8,732,834	\$ 1,519,871	\$807,103,049	\$36,663,995	\$88,207,588	\$949,721,873

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND CHANGES IN
FUND EQUITY - STATE TRANSPORTATION FUND

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

Year ended June 30, 1979

	Abandoned Railroad Account	Aeronautics Account	Bicycle Lane Account	State Highway Account	Transportation Planning and Development Account	Transportation Revolving Account	Total
REVENUES:							
Apportionments:							
State		\$4,093,195		\$ 498,187,789	\$ 6,656,356		\$ 508,937,340
Federal				410,887,912	509,177		411,397,089
Reimbursements	\$ 604,814		\$128,775	66,312,318	3,035,345		70,081,252
Investment income		745,889		45,067,055			45,812,944
Real property		76,381		33,414,658			33,414,658
Other		4,915,465	128,775	3,654,836	3,558,226		7,289,443
	604,814			1,057,524,568	13,759,104		1,076,932,726
EXPENDITURES AND ENCUMBRANCES:							
State operations		1,247,457		342,901,300	11,738,650		355,887,407
Capital outlay	417,522			552,729,297	367,186		553,514,005
Local assistance		4,045,687	537,131	126,898,430	11,072,735		142,553,983
	417,522	5,293,144	537,131	1,022,529,027	23,178,571		1,051,955,395
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	187,292	(377,679)	(408,356)	34,995,541	(9,419,467)		24,977,331
OTHER FINANCING SOURCES (USES):							
Operating transfers in		307,227	360,000		8,904,884	\$1,051,560,593	1,061,132,704
Operating transfers out		(42,000)		(11,261,293)		(1,051,560,593)	(1,062,863,886)
		265,227	360,000	(11,261,293)	8,904,884	-0-	(1,731,182)
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES, ENCUMBRANCES AND OTHER USES	187,292	(112,452)	(48,356)	23,734,248	(514,583)		23,246,149
Fund equity at beginning of year	6,992,122	5,007,773	294,084	339,027,378	30,213,437		381,534,794
of year							
FUND EQUITY AT END OF YEAR	\$7,179,414	\$4,895,321	\$245,728	\$ 362,761,626	\$29,698,854	\$ -0-	\$ 404,780,943

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps